

EXHIBIT “B”

Sep 07 2006 12:26PM GIBBS & OLIPHANT LLP

5108348886

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August 29, 2006

Mr. Theo Oliphant
113 Carmel Avenue
El Cerrito, CA 94530

GREYSTONE

RE: *Santa Fe Pointe Apartments*
Oklahoma City, OK
221(d)(4) Substantial Rehab

Dear Mr. Oliphant:

Greystone Servicing Corporation, Inc. ("Greystone") is pleased to present this engagement letter to Theo Oliphant on behalf of an entity to be created ("Applicant"). This Engagement Letter will set forth the terms and conditions under which Greystone will process an application ("Application") for a mortgage loan ("Loan") on the above-referenced project ("Project") for submission to the Department of Housing and Urban Development acting through the Federal Housing Administration ("HUD") under its Multifamily Accelerated Processing ("MAP") for approval of HUD mortgage insurance under Section 221(d)(4) of the National Housing Act, as amended.

Please carefully review each of the following exhibits attached hereto and incorporated herein by reference:

- Exhibit A – Proposed Loan Terms
- Exhibit B – Notice & Disclosure of Transaction Fees and Costs
- Exhibit C – Summary of the Process
- Exhibit D – Required Documentation (all forms will be provided under separate cover)
- Exhibit E – Conflicts Questionnaire

Upon your acceptance of this Engagement Letter along with your payment of the Third Party Fees and Greystone's Processing Fee, Greystone will become the exclusive lender to underwrite and process a HUD-insured loan for the Project. The Loan will be processed in accordance with HUD's MAP procedures, regulations and guidelines.

If acceptable, please execute the original of this Engagement Letter, initial all Exhibits, and return it and a check made payable to Greystone Servicing Corporation, Inc., in the amount of \$14,000 for payment of the estimated Third Party Fees and the Greystone Processing Fee to: Sharon R. Pollock, Assistant Vice President, Greystone Servicing Corporation, Inc., 419 Belle Air Lane, Warrenton, VA 20186. We will then work together to obtain all the items on Exhibit D. The terms of this Engagement Letter are subject to change if it is not accepted and returned by September 5, 2006.

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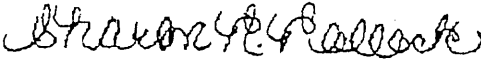
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Greystone is dedicated to helping guide you through the process. We will assist you in completing the forms and will be available to provide instruction each step of the way. We look forward to working with you on the successful completion of this transaction.

Very truly yours,

GREYSTONE SERVICING CORPORATION, INC.

By: 

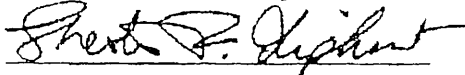
Sharon R. Pollock
Assistant Vice President

ACCEPTANCE:

The undersigned, as an authorized agent for the Applicant, hereby accepts the terms and conditions set forth in the foregoing Engagement Letter and agrees to perform or cause to be performed, in a timely manner, all of the obligations on the part of the Borrower contained herein; and to be bound by all of the terms, provisions and conditions thereof. You have the right for our account to order a title report and survey report.

APPLICANT:

Theo Oliphant on behalf of an entity to be created

By: 

Name: Theotis Oliphant

Title: Managing Member

Date: 9/6/2006

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EXHIBIT A

Proposed Loan Terms

The proposed loan terms, as detailed below, are based on preliminary information and are subject to change by Greystone and HUD.

Proposed Transaction: Substantial Rehab of Apartment Complex

Borrower: TBD
c/o 113 Carmel Avenue
El Cerrito, CA 94530
(510) 222-5074
theo.oliphant@gmail.com

Contact Person: Mr. Theo Oliphant

Project: Santa Fe Pointe Apartments
125 SW 74th Street
Oklahoma City, OK 73139

Type of Project: 224-Unit Apartment Complex

Proposed Loan Amount: \$7,787,500 (subject to underwriting review and issuance of the HUD Commitment)

Loan Processing Interest Rate: 5.40%. *[Note: This rate shall be used for the purpose of processing the Application and may not reflect the actual interest rate of the Loan (Refer to Exhibit C of this Engagement Letter, Section III - Rate Lock)]*

Loan Term: 16-month construction loan term (Initial Endorsement to Final Endorsement) and 480-month permanent loan term (commencing from Final Endorsement to maturity)

Recourse: Non-Recourse

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EXHIBIT B

Notice and Disclosure of Transaction Fees and Costs

The following describes the fees that will be incurred in this transaction. Unless otherwise defined herein, all capitalized terms used herein shall have the meaning set forth elsewhere in this Engagement Letter.

The Following Fees Are Due and Payable at Execution of Engagement Letter:

Pre-Application Processing Fee:	\$1,500 (Non-Refundable)
Pre-Application Third Party Fees:	\$2,500 - Phase I Environmental Report estimate \$5,000 - Limited Scope Appraisal estimate \$5,000 - Market Study estimate Lead Based Paint and Asbestos Report Costs may apply for properties built before 1978. Costs will be determined for these at a later date.

The above Pre-Application Third Party Fees are estimates only. Any additional costs are the responsibility of Applicant and will be due and payable upon receipt of an invoice from Greystone. Some or all of these fees may be reimbursable from Loan proceeds.

The Following Fees Are Due and Payable Following HUD's Invitation to Submit a Firm Commitment:

Firm Application Processing Fee:	^{Refundable} \$3,500 (Non-Refundable)
Firm Application Third Party Fees:	\$4,500 - Cost Review estimate \$4,500 - Architectural Review estimate \$5,000 - Complete Appraisal estimate

The above Firm Application Third Party Fees are estimates only. Any additional costs are the responsibility of Borrower and will be due and payable upon receipt of an invoice from Greystone. Some or all of these fees may be reimbursable from Loan proceeds.

Payable Prior to Firm Application Submission:

HUD Application Fee:	\$23,363 (0.30% of Loan Amount)
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Payable Prior to Rate Lock:

Good Faith Deposit:

1.00% of the Loan Amount, collected prior to rate lock. The Deposit is required to assure closing occurs by the required closing date as determined at the time of rate lock and may be applied to Applicant's obligations at closing.

Payable at Closing (generally payable from Loan proceeds):

HUD Inspection Fee:

0.50% of total improvements plus BSPRA, rounded up to the nearest \$100. Fee is due and payable to HUD at closing.

Mortgage Insurance
Premium ("MIP"):

0.90% of the Loan Amount at closing. Thereafter, 0.45% will be due annually based on the then outstanding principal balance.

¹Financing Fee:

1.25%

1.50% of Loan Amount; due and payable to Greystone at closing.

¹Placement Fee:

0.00% of Loan Amount; due and payable to Greystone at closing.

Closing Costs:

Paid at closing, and include, but are not limited to, recording fees, title insurance expenses, survey costs, architect costs, Borrower's legal fees, Borrower's organizational expenses and Greystone's legal fees.

¹ Deemed earned upon Applicant's acceptance of the Greystone Commitment.

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EXHIBIT C

Summary of the Process

This summary is provided to assist you in tracking the status of the Loan throughout the process.

I. Pre-Application (NB: It is now possible to eliminate the pre-application and submit a firm application. In that case, the procedure described below would be modified. The cost of the initial appraisal would be increased by about \$2,000 and the estimated cost of the architectural and cost review would be due on engagement. The cost of the final appraisal would be eliminated. The time frame for HUD to respond to the firm application would increase from 45 days to 60 days).

Upon Greystone's receipt of a fully executed original of this Engagement Letter, the Pre-Application Processing Fee, and the Pre-Application Third Party Fees as set forth in Exhibit B, Greystone will order the necessary third party reports and work with the Borrower to obtain the required documentation as identified in Exhibit D.


A. Preparation of Pre-Application. Upon completion of processing and underwriting (estimated at 4-6 weeks, depending on timing of third party reports), Greystone will prepare and deliver the pre-application to HUD (the "Pre-Application"); provided there are no conflict of interest issues which would prohibit Greystone from processing and submitting the Pre-application to HUD per HUD rules and regulatory requirements.

B. HUD Review. HUD guidelines indicate an initial review period of five (5) business days to determine completeness of submission, and once the Pre-Application is deemed complete, HUD's guidelines indicate HUD's review period should not exceed forty-five (45) days. Greystone will further obtain or assist Borrower in providing any additional clarifying information subsequently requested by HUD. Should HUD and/or Greystone decline to issue an invitation to submit a Firm Application, Greystone will refund any unexpended portion of the Pre-Application Third Party Fees.

II. Firm Application Processing

A. Date Firm Application Due to HUD. From the date of HUD's invitation, the firm application submission (the "Firm Application") is due to HUD within one-hundred twenty (120) days.

B. Preparation of Firm Application Submission. Greystone will advise Borrower of any issues received from HUD relating to Project acceptability and/or proposed Project underwriting parameters ("HUD Comments"). Borrower shall have fifteen (15) calendar days to provide Greystone with written acknowledgement and acceptance of the HUD Comments along with a check representing the Firm Application Processing Fee and the Firm Application Third Party Fees. Upon receipt of Borrower's acceptance of the HUD Comments and required fees, Greystone will then advise HUD of its intent to submit a Firm Application. Greystone will then commence its processing of the Firm Application and Borrower shall provide such additional documentation and Greystone shall order such additional third party reports as Greystone and/or

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HUD requires to process such Firm Application as set forth in Exhibit D to the Engagement Letter. In the event Borrower declines to accept the HUD Comments, or fails to timely respond in writing, Greystone shall have no further obligation to the Borrower hereunder, other than to refund any unexpended portion of the Pre-Application Third Party Fees.

C. HUD Review. Upon completion of processing, receipt of underwriting approval, and receipt of the HUD Application Fee, Greystone will submit the Firm Application to HUD for review. HUD will again review the Firm Application for completeness. Once the Firm Application submission is deemed complete, HUD's review period should not exceed forty-five (45) days for the issuance of either (i) a HUD Commitment; or (ii) HUD's election not to issue a HUD Commitment.

III. Issuance of HUD and Greystone Commitment

Greystone will forward the HUD Commitment, when issued, to the Borrower for acceptance. Following Borrower's and Greystone's acceptance of the HUD Commitment, Greystone will issue its commitment ("Greystone Commitment") to the Borrower.

IV. Rate Lock

Once the Borrower and Responsible Party have individual acceptable to Greystone has guaranteed the Borrower's liability to Greystone for the period from rate lock through Loan closing, the Borrower may lock the Loan's interest rate, prepayment terms, and the closing date in accordance with the procedures set forth in the Greystone Commitment. The Responsible Party is a creditworthy individual acceptable to Greystone who will guarantee Borrower's liability to Greystone (i) for the period from rate lock through closing of the Loan (which includes any possible late closing fees) and/or (ii) resulting from Borrower's failure to close the Loan, all as more specifically outlined in the Greystone Loan Commitment.

It is important to note that rate lock should only occur once the Borrower and its counsel are confident that the Borrower is prepared to close the Loan by the required closing date, since locking the interest rate commits Greystone, and therefore the Borrower, to liability for damages should the Loan fail to close by the closing date established at the time of rate lock. The Greystone Commitment will provide for monthly extension periods that will be available to the Borrower upon payment of an extension fee of 0.375% per period, should the need arise to extend the closing date, subject to Greystone and HUD approval. However, because of the liability incurred during the period from rate lock through closing, a creditworthy individual acceptable to Greystone is required to guarantee the Borrower's liability incurred at rate lock.

V. Closing/Funding

Greystone will prepare the loan documents following rate lock. Closing and funding will be scheduled at the appropriate HUD Office and is to be attended by the Borrower and Greystone. Borrower must provide counsel capable of reviewing the loan documents and issuing any necessary opinions. The closing process typically takes 30-45 days following Borrower's execution of the Greystone Commitment.

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VI. Brokerage

Greystone shall be under no obligation for payment of any brokerage commission or fee of any kind with respect to the Loan or any subsequent HUD Commitment, and Borrower shall indemnify, defend and hold Greystone harmless for any claim for such, other than a specific brokerage commission or fee reflected in the Greystone Commitment, if any.

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EXHIBIT D

Required Documentation

SECTION 221(D)(4) SUBSTANTIAL REHAB

Brochure &/or resumes for:

- a. Mortgagor/sponsor entity
- b. Each principal of the mortgagor/sponsor
- c. General contractor and its principals

Organizational documents creating mortgagor entity:

For Partnerships: Certificate of Partnership and Partnership Agreement reflecting current partners.

For Corporations: Certificate of Incorporation; Articles of Incorporation or Charter, plus any amendments; By-Laws; any shareholder agreement; and Minutes reflecting current officers and directors

Site plan containing overall dimensions, major site elements (example: parking lots) location of utilities (example: water, sewer, electric, gas)

Typical unit and building layouts

Ground floor and typical floor plans

Wall section plan to include foundation, footing, wall and floor structure. Plan must indicate the basic materials in the structure, floor & exterior finish.

Site control evidence (deed, purchase agreement, option)

Ground lease, if applicable

As-is sketch plans.

Description of how existing residents will be moved and served during the work or any plans for relocation of existing residents because of sub-rehab work

Audited financial statements for the property for the past three years and year-to-date.

Evidence of availability of state or local grants or tax credits, if they are anticipated as part of the project financing.

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